

Before the
DEPARTMENT OF COMMERCE
National Telecommunications and Information Administration
DEPARTMENT OF AGRICULTURE
Rural Utilities Service
Washington, DC

In the matter of)	
)	
American Recovery and Reinvestment)	Docket No. 0907141137–91375–05
Act of 2009 Broadband Initiatives)	
_____)	

COMMENTS OF THE CITY OF SHAFTER, CA

The City of Shafter, CA (Shafter, or the City) offers these comments in response to the Joint Request for Information (RFI) published November 16, 2009, inviting interested parties to submit comments on certain designated topics that will assist the National Telecommunications and Information Administration (NTIA) and Rural Utilities Service (RUS) in assessing and revising, if necessary, the first Notice of Funds Availability (NOFA)—as well as in generally improving the application process relating to the NTIA’s Broadband Technology Opportunities Program (BTOP) and the RUS’ Broadband Initiatives Program (BIP) established pursuant to the American Recovery and Reinvestment Act (Recovery Act).¹

¹ See, Section 6001 of the American Recovery and Reinvestment Act of 2009 (Recovery Act), Pub. L. 111-5, 123 Stat. 115 (February 17, 2009), which requires NTIA, in consultation with the Federal Communications Commission, to establish the Broadband Technology and Opportunities Program. The Recovery Act further establishes authority for RUS to make grants and loans for the deployment and construction of broadband systems.

EXECUTIVE SUMMARY

The City of Shafter supports the NTIA and RUS' focus on middle-mile infrastructure as a funding priority and would only caution that "in-progress" deployments, such as Shafter's, should, if anything, be favored, and certainly not disfavored, over projects that are in only nascent stages of development.

The City supports targeted funding to projects that address specific economic development needs, and offers that the significant qualifying factor to be eligible for "regional economic development" funds should be the identification of a definite economic development need, and a targeted plan for addressing that need.

The City believes low-income populations should be targeted, with a particular emphasis on children and schools.

Finally, the City suggests that the application process should provide greater transparency to applicants with respect to challenges lodged against the unserved and underserved status of the proposed funded service area, and, further, allow applicants a reasonable opportunity to rebut the challenge.

INTRODUCTION

A predominately agricultural community known for its cotton, potatoes, almonds, pistachios, and vegetables, the City of Shafter is a distinctly rural community that, owing to the local incumbent's lack of significant investment in high-speed broadband, instituted its own

broadband initiative back in 2005—laying the essential groundwork for a multi-year, phased project aimed at diversifying its economy.²

Although standard broadband services are available to most neighborhoods in the “core” area of Shafter, such services are unavailable or prohibitively expensive in precisely the areas where they are needed most—the developing commercial and industrial sectors of the City. Outdated telecommunications infrastructure in the community has resulted in limited options for businesses seeking to locate here. Many of Shafter’s potential commercial and industrial development areas are located away from the City core and miles from existing broadband infrastructure. The capital cost to extend services to these areas is high and creates a barrier for companies considering Shafter as a facility location.

As a result of its pre-Recovery Act planning, the City of Shafter began construction on the first leg of its high-speed fiber backbone in Fall, 2007, deploying four miles of fiber to connect its city facilities, including City Hall, Police Department, Courthouse, Correctional Facility, and local School District Facilities. Even more significantly, the City has another 12 miles of completed engineering awaiting funding and construction to build out the rest of its planned fiber backbone.

The Shafter City Council has assumed the task of extending an advanced broadband network into the service area, and then inviting qualified service providers to deliver their

² To be sure, Shafter views itself as a rural community, and has long sought to bridge for its citizens the “digital divide” that seems to separate rural America from its urban and suburban counterparts. Located in Kern County in the San Joaquin Valley, the City of Shafter, according to the 2000 census, was home to 12,736 people, with a population density of 708.4 people per square mile disbursed throughout Shafter’s then 18.0 square-mile boundaries. Note that, in 2005, the City of Shafter expanded its boundaries to 26 square miles, resulting in a then population density of 577 people per square mile. The estimated total population now hovers near 15,000. That said, given its proximity Bakersfield, the City of Shafter does not qualify as “rural” within the meaning of the first NOFA.

products via the Shafter network to commercial and residential customers. This strategy greatly reduces the capital expense to the customer and service provider, and enhances the ability of the City to attract new businesses to the community. This approach also mitigates interconnection obligations and allows non-discrimination policies to be imposed on participating service providers.

The City's network plan calls for three basic phases. Phase One created a fiber optic network to connect Government, Educational, Public Safety and other key facilities in the Shafter "core." This phase consists of approximately four miles of all-fiber optic network connecting eight anchor institutions and passing dozens of additional key facilities and business centers. Currently, the minimum connection speed on this network is 1 Gbps. This phase has been operational for nearly eighteen months. The housing market collapse and economic downturn have stalled expansion of the network and delayed Phase Two. Phase Two will extend the fiber optic network to remote commercial job centers and open the network to qualified Internet Service Providers, who will introduce high-speed broadband services to these areas at affordable rates. This phase requires construction of approximately 14 miles of fiber optic backbone, numerous distribution points, a Point of Presence ("POP") facility, and interconnection with at least two Internet backhaul providers. Phase Two is the subject of Shafter's first round funding application. Phase Three is to create a true fiber-to-the-premise ("FTTP") community where all new commercial and residential buildings have fiber connections. Existing homes and businesses in the "core" area will be included through a systematic overbuild of the community to provide fiber service to every address. This is a future phase, and Shafter is not currently seeking funding for Phase Three.

In sum, the City of Shafter is a diverse community rooted in agriculture, facing significant economic challenges, but with a clear vision to lead the region in business growth, innovative education and efficient, effective government.

RESPONSE TO THE REQUEST FOR INFORMATION

Shafter approaches the application process from the unique perspective of a municipal corporation. The City is accountable to its citizens, not shareholders or investors. In that regard, application requirements such as historical financials were of somewhat less import than would be the case with a private entity. And, the City was fortunate to have ready access to GIS mapping systems that streamlined production of demographic information about the proposed funded service area. As an overarching comment and concern with respect to the RFI's inquiry on streamlining, the City encourages the NTIA and RUS to seek out and eliminate any redundancies found in the first round application process. The application guides and FAQs were very helpful, and the City encourages continued reliance on those mechanisms in the next round.

a. Middle-Mile "Comprehensive Community" Projects.

The NTIA and RUS are right to focus on middle-mile infrastructure as a funding priority. In the City's planning and analysis that began several years ago, it was clear that having a robust middle-mile network in place was a prerequisite to deploying fiber-to-the-premise facilities. As well, effective middle-mile infrastructure enables other technologies including, wireless, consumer and public safety services. And, significantly, Phase One of the City's broadband plan entailed putting key community anchor institutions "on-net." Thus, the NTIA and RUS's proposal to prioritize funding to middle-mile "comprehensive community" projects seems like an

overwhelmingly sound public policy. The City would only caution that “in-progress” deployments, such as Shafter’s, should, if anything, be favored, and certainly not disfavored, over projects that are in only nascent stages of development.

b. Economic Development.

The RFI poses the question of whether NTIA and RUS should allocate a portion of remaining funds to promote a “regional economic development approach” to broadband deployment. Specifically, NTIA and RUS contemplate whether funds should be targeted toward areas with innovative economic strategies, and/or those suffering exceptional economic hardship or high unemployment rates.

The City supports targeted funding to projects that address specific economic development needs. Shafter’s proposed project provides a useful example. The City has identified untapped economic development potential stemming from its unique location between California’s two primary north-south transportation links, with both Union Pacific and BNSF railroads passing through the proposed project area. Shafter’s middle-mile broadband project seeks to leverage this “transportation junction” to attract commercial and industrial development. Given the character of the region, with some businesses located many miles from existing telecommunications infrastructure, it is understandable that broadband service providers are reluctant to risk capital improving the underserved area except in direct response to a service order. However, without service, site selectors are reluctant to recommend the area to companies looking to build new industrial plants. The City has identified the lack of existing broadband infrastructure as an impediment to development, and, to remediate this Catch-22 scenario, has developed a targeted, cost-effective solution.

In allocating funds to “regional economic development,” the NTIA and RUS should be careful to avoid adopting a rigid definition of “region.” Shafter and Bakersfield, for example, may be in the same geographical region in one sense, but, owing to the vast disparity in their respective populations, each community has a unique character and different needs. The significant qualifying factor to be eligible for “regional economic development” funds should be the identification of a definite economic development need, and a targeted plan for addressing that need. Put another way, funding a project in a small geographic area with a defined need and sound, well-developed plan will likely result in a better use of funds than funding a collaboration of 50 communities with an under-developed plan. The NTIA and RUS should also look to external qualifications in assessing applicants and project areas, such as Accredited Economic Development Organization (AEDO) credentials and enterprise zone designations.

c. Targeted Populations.

Shafter is represented by the Honorable Representative Jim Costa (D-CA), of the 20th Congressional District, one of the poorest in the nation.³ Shafter’s proposed middle-mile project, combined with concurrent water and sewer infrastructure projects in the proposed funded service area, will help create an estimated 1,200 new jobs over the next five years—solving three-quarters of the City's current unduly high unemployment rate of 25%.

The RFI seeks comment on whether funds should be targeted to specific population groups. The City believes low-income populations should be targeted, with a particular emphasis on children and schools. In this regard, applicants seeking targeted funds should be required to provide additional, specific information on precisely how the project will benefit the

³ See http://en.wikipedia.org/wiki/California%27s_20th_congressional_district.

targeted population; however, the NTIA and RUS should stop short of prioritizing among infrastructure, public computer center and sustainable broadband adoption projects, or requiring a certain number of projects in each category. Indeed, emphasis should be on the project's likelihood of success and its probable impact on the targeted population.

d. Public Notice of Service Areas.

As a final note, the application process should provide greater transparency to applicants with respect to challenges lodged against the unserved and underserved status of the proposed funded service area, and, further, allow applicants a reasonable opportunity to rebut the challenge. Unfortunately, without such transparency, competing service providers may be incited to offer vague and unspecific allegations as a means to throw doubt on otherwise worthy applications.

CONCLUSION

The City of Shafter appreciates the NTIA and RUS' willingness to consider feedback and recommendations resulting from the applicants' experience with the first round. The City of Shafter thanks the NTIA and RUS for the opportunity to provide the foregoing comments, and hopes these comments help to facilitate improvements in both the second funding round and the overall success of the BTOP and BIP programs.

Respectfully submitted,

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On behalf of the City of Shafter, CA

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